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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FEB 29 2008

Washington, DC  
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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

|   |                  |
|---|------------------|
| OMB APPROVAL  |                  |
| OMB Number:   | 3235-0123        |
| Expires:  | October 31, 2004 |
| Estimated average burden<br>hours per response..... | 12.00            |

|                 |
|-----------------|
| SEC FILE NUMBER |
| 8- 66640        |

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 1/1/2007 AND ENDING 12/31/2007  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: US. RE Securities, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

745 Fifth Avenue - 19th Floor

(No. and Street)

New York

NY

10151

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Michael T Marrone

212-808-5500

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Marcum & Kliegman, LLP

(Name - if individual, state last, first, middle name)

10 Melville Park Road

Melville

NY

11747-3146

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 27 2008

|                              |                              |
|------------------------------|------------------------------|
| <b>FOR OFFICIAL USE ONLY</b> | <b>THOMSON<br/>FINANCIAL</b> |
|------------------------------|------------------------------|

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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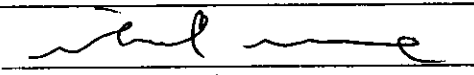
## OATH OR AFFIRMATION

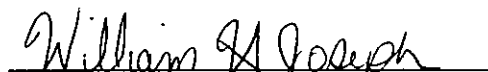
I, Michael T Marrone, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of US RE Securities, LLC, as of December 31, 2007, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

  
Signature  
CFO/FIN-OP  
Title

  
Notary Public

This report \*\* contains (check all applicable boxes):

- ☐ (a) Facing Page.
- ☐ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☐ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

WILLIAM H. JOSEPH  
Notary Public State of New York  
No. 02JO5032555  
Qualified in New York County  
Commission Expires July 21, 2009

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

U.S. RE SECURITIES, LLC  
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
For the Year Ended December 31, 2007

# U.S. RE SECURITIES, LLC

## CONTENTS

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|  | <u>Page</u> |
|--|-------------|
| INDEPENDENT AUDITORS' REPORT   | 1           |
| FINANCIAL STATEMENTS   |             |
| Statement of Financial Condition   | 2           |
| Statement of Operations  | 3           |
| Statement of Changes in Members' Equity  | 4           |
| Statement of Cash Flows  | 5           |
| NOTES TO FINANCIAL STATEMENTS  | 6-9         |
| SUPPLEMENTARY INFORMATION  |             |
| Schedule I - Computation of Net Capital Under Rule 15c3-1 of the<br>Securities and Exchange Commission                                       | 10          |
| Schedule II - Computation for Determination of Reserve Requirement<br>Under Rule 15c3-3 of the Securities and Exchange Commission            | 11          |
| Schedule III - Information Relating to the Possession or Control Requirements<br>Under Rule 15c3-3 of the Securities and Exchange Commission | 12          |
| INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL<br>REQUIRED BY SEC RULE 17A-5   | 13-15       |

# Marcum & Kliegman LLP

Certified Public Accountants & Consultants

A Limited Liability Partnership Consisting of Professional Corporations

## INDEPENDENT AUDITORS' REPORT

To the Partners of  
U.S. RE Securities, LLC

We have audited the accompanying statement of financial condition of U.S. RE Securities, LLC as of December 31, 2007, and the related statements of operations, changes in members' equity, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of U.S. RE Securities, LLC as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II and III is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Marcum & Kliegman LLP*

February 28, 2008  
Melville, NY

# U.S. RE SECURITIES, LLC

## STATEMENT OF FINANCIAL CONDITION

December 31, 2007

---

### ASSETS

|                             |                |
|-----------------------------|----------------|
| Cash and cash equivalents   | \$ 10,878      |
| Property and equipment, net | 2,818          |
| Due from affiliates         | <u>136,702</u> |

|              |                   |
|--------------|-------------------|
| TOTAL ASSETS | <u>\$ 150,398</u> |
|--------------|-------------------|

### LIABILITIES AND MEMBERS' EQUITY

|                    |       |
|--------------------|-------|
| <u>LIABILITIES</u> | \$ -- |
|--------------------|-------|

|                        |                |
|------------------------|----------------|
| <u>MEMBERS' EQUITY</u> | <u>150,398</u> |
|------------------------|----------------|

|                                       |                   |
|---------------------------------------|-------------------|
| TOTAL LIABILITIES AND MEMBERS' EQUITY | <u>\$ 150,398</u> |
|---------------------------------------|-------------------|

*The accompanying notes are an integral part of these financial statements.*

# U.S. RE SECURITIES, LLC

## STATEMENT OF OPERATIONS

For the Year Ended December 31, 2007

---

### OPERATING INCOME

|                         |    |         |
|-------------------------|----|---------|
| Investment banking fees | \$ | 158,750 |
|-------------------------|----|---------|

### OPERATING EXPENSES

|                            |    |               |
|----------------------------|----|---------------|
| Salaries and benefits      | \$ | 223,464       |
| General and administrative |    | 57,351        |
| Rent                       |    | <u>25,200</u> |

|                          |  |                |
|--------------------------|--|----------------|
| TOTAL OPERATING EXPENSES |  | <u>306,015</u> |
|--------------------------|--|----------------|

|  |  |           |
|--|--|-----------|
| LOSS BEFORE BENEFIT FROM<br>INCOME TAXES |  | (147,265) |
|--|--|-----------|

|                     |  |                 |
|---------------------|--|-----------------|
| <u>INCOME TAXES</u> |  | <u>(70,687)</u> |
|---------------------|--|-----------------|

|          |    |                 |
|----------|----|-----------------|
| NET LOSS | \$ | <u>(76,578)</u> |
|----------|----|-----------------|

*The accompanying notes are an integral part of these financial statements.*

# U.S. RE SECURITIES, LLC

## STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the Year Ended December 31, 2007

---

|                                    |                   |
|------------------------------------|-------------------|
| <u>MEMBERS' EQUITY</u> - Beginning | 226,976           |
| Net loss                           | <u>(76,578)</u>   |
| <u>MEMBERS' EQUITY</u> - Ending    | <u>\$ 150,398</u> |

*The accompanying notes are an integral part of these financial statements.*



# U.S. RE SECURITIES, LLC

## STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2007

---

### CASH FLOWS FROM OPERATING ACTIVITIES

|  |               |               |
|--|---------------|---------------|
| Net loss   |               | \$ (76,578)   |
| Adjustments to reconcile net loss to net cash provided<br>by operating activities: |               |               |
| Depreciation   | \$ 561        |               |
| Changes in operating assets and liabilities:                                       |               |               |
| Due from affiliates  | <u>76,546</u> |               |
| <br>TOTAL ADJUSTMENTS  |               | <u>77,107</u> |
| <br>NET CASH PROVIDED BY OPERATING<br>ACTIVITIES                                   |               | <br>529       |

### CASH FLOWS FROM INVESTING ACTIVITIES

|  |                |                    |
|--|----------------|--------------------|
| Purchase of property and equipment           | <u>(2,354)</u> |                    |
| <br>NET CASH USED IN INVESTING<br>ACTIVITIES |                | <br><u>(2,354)</u> |
| <br>NET DECREASE IN CASH                     |                | <br>(1,825)        |

|  |               |
|--|---------------|
| <u>CASH AND CASH EQUIVALENTS</u> - Beginning | <u>12,703</u> |
|--|---------------|

|   |                  |
|---|------------------|
| <u>CASH AND CASH EQUIVALENTS</u> - Ending | <u>\$ 10,878</u> |
|---|------------------|

*The accompanying notes are an integral part of these financial statements.*

# U.S. RE SECURITIES, LLC

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - Nature of Business and Regulatory Matters

#### Nature of Business

The U.S. RE Securities, LLC (the "Company") was formed as a Limited Liability Company on August 19, 2002 in the state of Delaware as Fenelon Ventures 111, LLC. The Company is wholly-owned U.S. RE Companies, Inc. (the "Parent"), a New York domiciled holding company. On December 23, 2003, the Company changed its name to U.S. RE Securities, LLC as part of a business plan to become a registered broker dealer in securities. On April 14, 2005, the Company received approval from the National Association of Securities Dealers ("NASD") to operate as a registered broker dealer in securities. The Company is not a clearing broker dealer and holds no customer accounts. The Company is engaged in the business of private placement of securities and corporate finance activity. Prior to becoming a registered broker dealer, the Company's primary source of revenue was consulting services.

#### Regulatory Matters

In July 2007, the Financial Industry Regulatory Authority ("FINRA") was created by consolidation of the NASD and the member regulation, enforcement and arbitration functions of the New York Stock Exchange. FINRA performs a wide variety of functions within the securities industry, including the regulation of broker dealers. As such, FINRA is the Company's primary regulator.

### NOTE 2 - Significant Accounting Principles

#### Use of Estimates in the Financial Statement

The preparation of financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term investments with original maturities of three months or less to be cash equivalents.

#### Property and Equipment

Property and equipment are stated at cost. Maintenance and repairs are charged to expense as incurred. Costs of major additions and betterments are capitalized. When property and equipment are sold or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in income. Property and equipment are being depreciated over lives of three (3) to seven (7) years.

# U.S. RE SECURITIES, LLC

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2 - Significant Accounting Principles, continued

#### Revenue

The Company's primary source of income is investment banking fees derived from the successful private placements of securities or arranging corporate finance for customers. Revenue is earned upon the closing of a private placement or corporate finance agreement.

#### Income Taxes

Income taxes are provided in accordance with the liability method in accordance with Statements of Financial Accounting Standards No. 109 *Accounting for Income Taxes*.

#### Accounting for Uncertainty in Income Taxes

In June 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes - An Interpretation of FASB Statement No. 109". FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes". This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. In February 2008, the FASB deferred the effective date of FIN 48 for nonpublic entities that have not yet issued to third parties a full set of annual financial statements that incorporate the recognition, measurement, and disclosure requirements of FIN 48. The Company is now required to adopt FIN 48 as of January 1, 2008, but is not required to reflect that adoption in its financial statements until the issuance of its financial statements for the year ending December 31, 2008. The Company is currently evaluating the impact of the application of FIN 48.

### NOTE 3 - Property and Equipment

Property and equipment consist of the following at December 31, 2007:

|                                |                |
|--------------------------------|----------------|
| Property and equipment         | \$4,999        |
| Less: accumulated depreciation | <u>2,181</u>   |
| Property and Equipment, Net    | <u>\$2,818</u> |

Depreciation expense for the year ended December 31, 2007 amounted to \$561.

# U.S. RE SECURITIES, LLC

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 4 - Income Taxes

The current provision for Federal, state and local income taxes charged to operations for the year ended December 31, 2007 is \$(70,687). The Company joins with the Parent and its affiliates in filing a consolidated Federal income tax return. The consolidating companies have a tax allocation agreement whereby current Federal income tax expense or benefit is computed on a separate return basis. The agreement provides that each affiliate make payments to the Parent to the extent that its income contributes to the consolidated Federal income tax expense. The Company also joins with the Parent and its affiliates in filing combined New York State and New York City income tax returns. As a result, the Company provides for current income tax expense or benefit based on effective rates of 34% for Federal income taxes and combined 14% for New York State and New York City income taxes.

### NOTE 5 - Related Party Transactions

U.S. RE Corporation ("Corporation"), a wholly-owned subsidiary of the Parent, provides administrative services to the Company under the terms of an expense sharing agreement.

The Company paid \$22,135 to Corporation for such services for the year ended December 31, 2007.

The Company sublets office space from Corporation on a month to month basis for a flat rate of \$2,100 per month. Rent expense for the year ended December 31, 2007 amounted to \$25,200.

Salaries and benefits include the costs of two full time employees of the Company as well as an allocation of salaries and benefits from Corporation for services rendered on behalf of the Company. The salaries and benefits expenses allocated to the Company for the year ended December 31, 2007 amounted to \$13,746.

### NOTE 6 - Due From Affiliates

Due from affiliates in the amount of \$136,702 represents the net balance due to the Company for various intercompany transactions with the Parent and other subsidiaries of the Parent. The balance of this account changes regularly as a result of ongoing intercompany transactions. The balance carries no interest and has no specific repayment terms.

# U.S. RE SECURITIES, LLC

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 7 - Net Capital Requirements

As a registered broker-dealer, the Company is subject to rule 15c3-1 of the Securities and Exchange Commission, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 8:1. At December 31, 2007, the Partnership had net capital of \$10,878 which was \$5,878 in excess of its required minimum net capital of \$5,000. The Company's percentage of aggregate indebtedness to net capital was zero.

## U.S. RE SECURITIES, LLC

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION

December 31, 2007

NET CAPITAL COMPUTATION

|                        |            |
|------------------------|------------|
| <u>MEMBERS' EQUITY</u> | \$ 150,398 |
|------------------------|------------|

## Deductions and changes in non-allowable assets:

|                             |                |
|-----------------------------|----------------|
| Property and equipment, net | \$ 2,818       |
| Due from affiliates         | <u>136,702</u> |

|                              |                |
|------------------------------|----------------|
| Total Deductions and Changes | <u>139,520</u> |
|------------------------------|----------------|

|             |                  |
|-------------|------------------|
| Net Capital | <u>\$ 10,878</u> |
|-------------|------------------|

AGGREGATE INDEBTEDNESS (A.I.)

|                   |           |
|-------------------|-----------|
| Accounts Payable  | \$ --     |
| Due to affiliates | <u>--</u> |

|                              |              |
|------------------------------|--------------|
| Total Aggregate Indebtedness | <u>\$ --</u> |
|------------------------------|--------------|

COMPUTATION OF BASIC NET CAPITAL  
REQUIREMENTS

|   |              |
|---|--------------|
| (a) Minimum net capital required (6 2/3 % of \$0) | <u>\$ --</u> |
|---|--------------|

|   |                 |
|---|-----------------|
| (b) Minimum dollar net capital requirements | <u>\$ 5,000</u> |
|---|-----------------|

|   |                 |
|---|-----------------|
| Net capital requirement (Greater of (a) or (b)) | <u>\$ 5,000</u> |
|---|-----------------|

|                    |                 |
|--------------------|-----------------|
| Excess net capital | <u>\$ 5,878</u> |
|--------------------|-----------------|

|   |                  |
|---|------------------|
| Excess net capital at 1,000%<br>(net capital-10% of A.I.) | <u>\$ 10,878</u> |
|---|------------------|

|   |           |
|---|-----------|
| Percentage of aggregate indebtedness to net capital | <u>--</u> |
|---|-----------|

RECONCILIATION WITH COMPANY'S COMPUTATION  
(included in Part II of Form 17A-5 as of December 31, 2007)

No material differences exist

*See independent auditors' report.*

U.S. RE SECURITIES, LLC

COMPUTATION FOR DETERMINATION OF RESERVE  
REQUIREMENTS UNDER RULE 15c3-3 OF THE  
SECURITIES AND EXCHANGE COMMISSION

As of December 31, 2007

---

The Company claims exemption from the requirements of Rule 15c3-3, under Section (k)(2)(i) of the Rule.

*See independent auditors' report.*

U.S. RE SECURITIES, LLC

INFORMATION RELATING TO THE POSSESSION  
OR CONTROL REQUIREMENTS UNDER RULE 15c3-3  
OF THE SECURITIES AND EXCHANGE COMMISSION

December 31, 2007

---

The Company claims exemption from the requirements of Rule 15c3-3, under Section (k)(2)(i) of the Rule.

*See independent auditors' report.*



# Marcum & Kliegman LLP

Certified Public Accountants & Consultants

A Limited Liability Partnership Consisting of Professional Corporations

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5

To the Members of  
U.S. RE Securities, LLC

In planning and performing our audit of the financial statements of U.S. RE Securities, LLC (the "Company") as of and for the year ended December 31, 2007 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company, including consideration on control activities for safeguarding securities. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g), in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and the reserve required by rule 15c3-3(e). Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications, comparisons and recordation of differences required by rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customer as required by Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weakness. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures as described in the second paragraph of this report, were adequate at December 31, 2007, to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Marcum & Kliegman LLP*

February 28, 2008  
Melville, NY

**END**